



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 9/30/2002

GAIN Report #RP2068

Philippines

Sugar

Semi-Annual

2002

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Report Highlights:

Centrifugal sugar production is expected increase by about five percent to reach two million MT in MY 2002/2003 fueled by modernization efforts being undertaken by the sugar industry. Both area planted and harvested are forecast to expand as a result of rising domestic prices and stable demand.

Includes PSD changes: Yes

Includes Trade Matrix: No

Semi-Annual Report

Manila [RP1], RP

Production of centrifugal sugar for MY 2001/2002 rose by 5.2 percent to 1.9 million MT. At 1.9 million MT of raw sugar, total sugar output increased from the previous year's level of 1.805 million MT boosted by the highest yield in many years. Total imports for MY 2001/2002 dropped by half from the year before to 109,000 MT.

Out of four mill districts in the Philippines (Luzon, Negros, Panay and Eastern Visayas/Mindanao), output of all three mill districts with the exception of Negros grew during the current year which caused the expansion of total sugar production. Actual raw sugar production exceeded earlier projections of the Sugar Regulatory Administration (SRA) of 1.8 million MT. Due to the ample supply, crop millers were able to closely meet the domestic sugar requirement of about 1.9 million MT.

Sugar production for CY 2002/2003 is expected to hit two million MT as industry efforts to improve and modernize sugar production through the upgrading of sugar mills continue. Meanwhile, sugar imports are likely to drop to 80,000 MT in 2002/2003 due to the unexpected bumper crop in the current year. The SRA, however, believes that next year's importation may just be limited to the Minimum Access Volume (MAV) due to increased harvest expected in the coming year. For 2003, the Philippines has committed to a minimum level of 59,780 MT for low tariff imports under the MAV program of the WTO. The Philippine currently sets its sugar import duty at 50 to 65 percent. By 2003, both in-quota and out-quota tariff rates will be pegged at a uniform rate of 50 percent.

Under the Association of Southeast Asian Nations (ASEAN) Free Trade Area-Common Effective Preferential Tariff (AFTA-CEPT), all ASEAN members have committed to reduce tariffs on imported commodities to five to zero percent. The AFTA council, however, has allowed the Philippines to delay tariff reduction for sensitive agricultural products, including sugar, until 2010. Thailand being the largest sugar exporter was concerned that this delay in tariff reduction would result in lost export opportunities. To resolve this problem, the Philippines has agreed to enter into a long-term bilateral agreement to purchase sugar from Thailand. Details of the agreement such as import volumes are currently being worked out.

PSD Table						
Country	Philippines					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		09/2000		09/2001		09/2002
Beginning Stocks	330	330	322	322	280	239
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	1805	1805	1920	1900	1900	2000
TOTAL Sugar Production	1805	1805	1920	1900	1900	2000
Raw Imports	100	100	35	11	60	12
Refined Imp.(Raw Val)	115	115	75	98	100	68
TOTAL Imports	215	215	110	109	160	80
TOTAL SUPPLY	2350	2350	2352	2331	2340	2319
Raw Exports	88	88	122	142	140	142

Refined Exp.(Raw Val)	0	0	0	0	0	0
TOTAL EXPORTS	88	88	122	142	140	142
Human Dom. Consumption	1940	1940	1950	1950	1950	1950
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	1940	1940	1950	1950	1950	1950
Ending Stocks	322	322	280	239	250	227
TOTAL DISTRIBUTION	2350	2350	2352	2331	2340	2319

PSD Table						
Country	Philippines					
Commodity	Sugar Cane for Centrifugal				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		09/1997		09/1998		09/1999
Area Planted	380	380	385	385	0	390
Area Harvested	375	375	380	380	0	385
Production	23285	23285	245100	24962	0	25835
TOTAL SUPPLY	23285	23285	245100	24962	0	25835
Utilization for Sugar	23285	23285	245100	24962	0	25835
Utilization for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	23285	23285	245100	24962	0	25835